GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2912
ANSWERED ON:02.12.2016
Universal Banking
Kalvakuntla Smt. Kavitha

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India (RBI) has approved an 'On Tap' universal banking license in the private sector; and

(b) if so, the details and salient features of the said policy including minimum requirements for the promoter, capital and shareholding to procure a license?

Answer

The Minister of State in the Ministry of Finance

(a) & (b): Reserve Bank of India (RBI) has issued Guidelines for 'On Tap' licensing of Universal Banks in the Private Sector on August 1, 2016. RBI has not received any applications for a banking license under the above guidelines as of now. Some of the key aspects of the Guidelines are as under:
(i) Resident individuals and professionals having 10 years of experience in banking and finance at a senior level are also eligible to promote universal banks.
(ii) Large industrial houses are excluded as eligible entities but are permitted to invest in the banks up to 10 per cent.
(iii) Non-Operative Financial Holding Company (NOFHC) has been made non-mandatory in case of promoters being individuals or standalone promoting / converting entities who / which do not have other group entities.
(iv) Not less than 51 per cent of the total paid-up equity capital of the NOFHC shall be owned by the promoter / promoter group, instead being wholly owned by the promoter group.
(v) Existing specialised activities have been permitted to be continued from a separate entity proposed to be held under the NOFHC subject to prior approval from the Reserve Bank and subject to it being ensured that similar activities are not conducted through the bank as well etc.
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